

The Impact of Leadership Style, Training and Organizational Culture on Employee Productivity through Job Satisfaction



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ABSTRACT: Employee productivity is a critical factor for organizational success, yet it can be influenced by various elements within the workplace. This study aims to investigate the interplay between leadership style, training opportunities, organizational culture, and job satisfaction, and how these factors collectively impact employee productivity. By examining the relationships among these variables, the research seeks to provide insights into optimizing workplace environments and practices that foster high levels of employee engagement and performance. The data were first processed for the characteristics of the respondent using the IBM SPSS 29 program, and then the questionnaire results were processed using the Structural Equation Modelling (SEM) method with the AMOS 29 program. The study found that leadership style positively affects productivity, training has a positive effect on productivity, organizational culture has a significant positive effect on productivity, leadership style does not significantly influence job satisfaction, training has a significant positive impact on job satisfaction, organization culture positively influences job satisfaction, job satisfaction does not mediate the effect of leadership style on productivity, job satisfaction significantly mediates the effect of training on productivity, and job satisfaction also significantly mediates the effect of organizational culture on productivity.

KEYWORDS: leadership style, training, organizational culture, work productivity, job satisfaction.

INTRODUCTION

In today's business environment, employee productivity plays a key role in determining the success and sustainability of organizations. The interplay between leadership style, training initiatives, organizational culture and job satisfaction has a significant impact on employee productivity. Effective leadership styles can inspire and motivate employees, resulting in higher levels of performance and productivity. Training programs provide employees with the skills and knowledge they need to excel in their roles, which has a positive impact on their productivity. In addition, a conducive organizational culture creates a supportive environment that fosters employee engagement and productivity. Job satisfaction, as a critical component, directly correlates with employee motivation and commitment, which ultimately affects their productivity levels.

Several studies have examined the relationship between these variables and employee productivity. For example, Awan & Mahmood (2010) examined how different leadership styles affect employee performance and productivity. In addition, Kumar et al. (2023) investigated the impact of training programs on employee productivity in different industries. Furthermore, a study by Belias & Koustelios (2014) examined the role of organizational culture in enhancing job satisfaction and its subsequent impact on employee productivity.

The phenomenon of declining employee productivity and job satisfaction in organizations is an important issue that requires attention. A study by Jiang (2012) highlighted the detrimental effects of low job satisfaction on employee morale and performance. Similarly, research by Naeem & Nadeem (2014) emphasized the importance of a positive organizational culture in fostering job satisfaction and, consequently, higher levels of productivity. These findings highlight the interrelated nature of leadership style, training programs, organizational culture, job satisfaction and employee productivity.

The research focuses on PT XYZ, a company operating in the food nutrient and technology sector, specializing in the production of nucleic acids and amino acids. Faced with intense global competition, PT XYZ needs to continuously improve the productivity of its workforce. Initial surveys have revealed sub-optimal levels of employee productivity, as evidenced by performance metrics that fall short of company targets. Despite a relatively low turnover rate averaging 2% over the past six years, there is an upward trend in employee turnover, indicating a potential decline in employee job satisfaction.

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LITERATURE REVIEW

Leadership Style

The influence of leadership style on employee performance has been a subject of extensive research. A systematic literature review by Banzato & Volpp (2016) synthesized various studies related to the impact of leadership style on employee performance, highlighting the significant role leaders play in inspiring and motivating employees to enhance productivity. Additionally, research by Al-Sada et al. (2017) emphasized a positive relationship between organizational productivity and the type of leadership styles adopted by leaders, suggesting that effective leadership styles can positively influence employee productivity.

Training Programs

The importance of training programs in enhancing employee productivity has been well-documented. Studies by Javed & Hassan (2014) demonstrated that organizations prioritizing continuous training initiatives experience higher levels of employee engagement and productivity, emphasizing the role of training in improving workforce performance. Furthermore, research by Saleem (2015) highlighted the impact of transformational leadership in improving employee skills, changing organizational culture, and inspiring employees to enhance their productivity through effective training programs.

Organizational Culture

Organizational culture plays a crucial role in shaping employee attitudes, behaviors, and ultimately, productivity (Bernardin, 2003). The relationship between organizational culture, leadership behavior, and job satisfaction was explored in a study by Mahalinga & Suar (2012), revealing significant positive correlations between organizational culture, leadership behavior, and job satisfaction. Moreover, a comprehensive systematic review by Clinebell et al. (2015) aimed to develop a conceptual model illustrating the impact of organizational culture on employees' productivity, emphasizing the importance of a strong organizational culture in fostering a productive work environment.

Job Satisfaction

Job satisfaction is closely linked to employee productivity. Research by Braun et al. (2013) found that a strong organizational culture could lead to improved job enjoyment and increased job satisfaction levels among employees, ultimately contributing to enhanced productivity levels. Additionally, studies have shown that job satisfaction is positively correlated with turnover rates, indicating that satisfied employees are more likely to remain with their employers, further underscoring the importance of job satisfaction in maintaining high levels of employee productivity (Kotter & Heskett, 1997).

Productivity

Based on some of the criteria above, productivity can be defined as the result of someone's work, as long as they work in line with their obligations and functions in order to fulfill organizational goals based on previously established work standards. This variable's indicators are as follows: Work quality, is determined by comparing the expected work volume to the actual ability. Quantity in use, this guideline stresses the quality of work performed vs the quantity of work produced, and reliability, punctuality refers to sticking to a work schedule that is set according to company rules (Davis & Newstorm, 1989).

METHODS

The Likert scale approach was the research methodology employed in this study using five possible responses: strongly agree, agree, neutral, disagree, and disagree strongly. The study population consists of all non-managerial employees of PT. XYZ, a total of 700 people. From this population, 100 respondents are selected as a sample to accurately represent the broader group. The research conducted falls within the domain of explanatory research as it is designed to examine the relationships between variables, specifically leadership style, training and organisational culture as independent variables, employee performance as the dependent variable and job satisfaction as an intervening variable. Data processing will initially involve the collection of respondent characteristics using IBM SPSS 29. The questionnaire data will then be processed using structural equation modelling (SEM) using AMOS 29. SEM allows for the analysis of complex relationships between multiple variables simultaneously, providing a comprehensive understanding of the interplay between leadership style, training, organisational culture, job satisfaction and employee productivity.

RESULT

The results of the construct validity evaluation show that in the measurement model all indicators produce factor loading values greater than 0.50, so the indicators are declared valid in forming the constructs of leadership style, training, organisational culture, job satisfaction and work productivity, thus meeting convergent validity. The evaluation of construct reliability shows that each variable produces a construct reliability value greater than 0.70 and also an AVE value greater than 0.50, so it is concluded that the

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indicators measuring the constructs of leadership style, training, organisational culture, job satisfaction and work productivity are declared reliable or dependable.

The results of the structural model fit test show that all criteria for absolute fit indices, incremental fit indices and parsimony fit indices are met (good fit and marginal fit). Therefore, the structural model is acceptable. Good fit means that the model developed in this study provides a good fit to the empirical data, while marginal fit means that the model fit is within acceptable limits.

The results of the coefficient of determination analysis show that the value of R² is 0.614, which means that the percentage effect of leadership style, training and organisational culture on the job satisfaction of PT XYZ employees is 61.4 percent, while the remaining 38.6 percent is influenced by other variables. Furthermore, the value of R² is 0.856, which means that the percentage influence of leadership style, training, organisational culture and job satisfaction on the work productivity of PT XYZ employees is 85.6 per cent, while the remaining 14.4 per cent is influenced by other variables.

The total coefficient of determination (R² total) is known to be 0.764, which indicates that the conceptual model developed in this study can explain about 76.4 per cent of the data diversity. In other words, the model in this study has a very good predictive relevance or relevance to be used to predict work productivity through leadership style, training, organisational culture and job satisfaction.

Hypothesis Testing

Hypothesis testing uses the critical ratio (CR) value and the probability value (p-value). The significance of the direct effect between variables uses the provisions if the CR value ≥ 1.96 or the p-value \leq the real level of 5%, then it is decided that there is a significant effect, otherwise if the CR value < 1.96 or the p-value $>$ the real level of 5%, then it is decided that there is an insignificant effect.

Table 1: The results of testing the direct effect hypothesis

Direct Effect		<i>Std. Estimate</i>	<i>C.R.</i>	<i>Pvalue</i>	Decision
Leadership Style (X1)	→ Work Productivity (Y)	0,316	4,030	0,001	H₁ Accepted
Training (X2)	→ Work Productivity (Y)	0,209	2,148	0,005	H₂ Accepted
Organizational Culture (X3)	→ Work Productivity (Y)	0,348	3,133	0,009	H₃ Accepted
Leadership Style (X1)	→ Job Satisfaction (Z)	0,131	1,607	0,155	H₄ Rejected
Training (X2)	→ Job Satisfaction (Z)	0,322	3,289	0,002	H₅ Accepted
Organizational Culture (X3)	→ Job Satisfaction (Z)	0,446	4,206	0,005	H₆ Accepted

The results of testing the direct effect hypothesis show that the effect of leadership style on work productivity has a significant coefficient of influence, which means that the better the leadership style, the higher the productivity of employees. Therefore, the first hypothesis that leadership style has a significant effect on the work productivity of employees of PT XYZ can be accepted (H1 accepted). Similarly, the coefficient estimation results of the effect of training and organisational culture on work productivity also show a significant effect, which means that the better the training and the stronger the organisational culture, the higher the work productivity of employees. Therefore, the second hypothesis that training has a significant effect on the work productivity of employees of PT XYZ can also be accepted (H2 accepted) and the third hypothesis that organisational culture has a significant effect on the work productivity of employees of PT XYZ can also be accepted (H3 accepted).

The results of testing the direct effect hypothesis show that the effect of leadership style on job satisfaction has an insignificant effect, which means that the better leadership style has not been able to have a strong effect on increasing employees' job satisfaction. Therefore, the fourth hypothesis that leadership style has a significant effect on job satisfaction of PT XYZ employees cannot be accepted (H4 rejected). Meanwhile, the coefficient of the effect of training and organisational culture on job satisfaction shows a significant effect, which means that the better the training and the stronger the organisational culture, the higher the job satisfaction of employees. Therefore, the fifth hypothesis which states that training has a significant effect on job satisfaction of PT XYZ employees is acceptable (H5 accepted) and the sixth hypothesis which states that organisational culture has a significant effect on job satisfaction of PT XYZ employees is also acceptable (H6 accepted).

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Table 2: The results of testing the hypothesis of indirect effects

Indirect effect	Specific Indirect Effect (Bias-corrected percentile method)			
	Estimate	C.R.	P-value	Mediation Type
X1 → Z → Y	0,029	1,846	0,054 (H_{7a} Rejected)	No mediation
X2 → Z → Y	0,071	2,222	0,005 (H_{7b} Accepted)	Partially mediation
X3 → Z → Y	0,099	2,304	0,008 (H_{7c} Accepted)	Partially mediation
<u>Description:</u> X1: Leadership Style Z: Job Satisfaction X2: Training Y: Work Productivity X3: Organisational Culture				

The results of the indirect path significance test X1 → Z → Y show an insignificant effect, so job satisfaction does not mediate the effect of leadership style on the work productivity of PT XYZ employees. The results of the indirect path significance test X2 → Z → Y show a significant effect, so job satisfaction significantly mediates the effect of training on the work productivity of PT XYZ employees. The nature of the mediator is partial mediation, meaning that the increase in employee work productivity can only be achieved with training alone, but if it also focuses on increasing job satisfaction, then the increase in employee work productivity may be greater.

The results of the indirect path significance test X3 → Z → Y also show a significant effect, so job satisfaction also significantly mediates the effect of organisational culture on the work productivity of PT XYZ employees. The nature of the mediator is partial mediation, which means that increasing employee work productivity can only be done by strengthening organisational culture alone, but if it also focuses on increasing job satisfaction, then the increase in employee work productivity can be greater.

The results of testing these three mediation pathways suggest that efforts to improve employee work productivity can be made directly through training and organisational culture. Strengthening both can be complemented by increasing job satisfaction, so that the increase in employee work productivity can be more optimal. In contrast, the influence of leadership style directly increases work productivity without the need to go through job satisfaction mediation, meaning that a strong leadership style will still be able to promote work productivity even under conditions of low job satisfaction.

DISCUSSION

Leadership style has a significant positive effect on the work productivity of PT XYZ employees. The more effective the leadership style, the higher the work productivity. This result is consistent with previous research (Mahalinga & Suar, 2012; Naeem & Nadeem, 2014; Masa'deh et al., 2016). Training has a significant positive impact on the work productivity of PT XYZ employees. The more skilled the training, the higher the work productivity. Targeted training is able to improve the skills and abilities of employees, thus supporting increased productivity. Similar findings have been presented by previous researchers (Imran et al., 2012; Kumar et al., 2023).

A strong and positive organisational culture is positively correlated with the work productivity of PT XYZ employees. Organisational culture includes the values that an organisation embraces. An organisational culture that encourages collaboration and rewards individual and group performance creates a work climate that is conducive to increased productivity. This is consistent with the findings of previous researchers (Awan & Mahmood, 2010; Javed et al., 2014). Leadership style does not have a significant effect on the job satisfaction of PT XYZ employees. The indicator of "active management" by managers is still rated low by employees. The lack of direct involvement and direction from supervisors affects the perception of job satisfaction of the operator's employees.

Training and organisational culture have a significant positive impact on the job satisfaction of PT XYZ employees. Employees who feel supported by quality training programmes and a conducive work environment will be more satisfied with their jobs. Job satisfaction does not mediate the effect of leadership style on the work productivity of PT XYZ employees. Effective leaders are able to increase work productivity without increasing employee job satisfaction. Job satisfaction mediates the effect of training and organisational culture on the work productivity of PT XYZ employees. Strong training and organisational culture, if able to increase employee job satisfaction, will have a greater impact on increasing work productivity.

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CONCLUSIONS

Leadership style, training and organizational culture have a significant positive impact on the work productivity of PT XYZ employees. Leadership style and organizational culture contribute to increasing employee job satisfaction. However, training has no significant effect on job satisfaction. Job satisfaction mediates the relationship between training and organizational culture and work productivity.

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